



A.M.I.

Australian Musical Imports
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7/6/2000

Mr. H Plunkett
Assistant Commissioner
Review of 5% Tariffs
Productivity Commission
ACT

Dear Mr Plunkett,

We support the removal of the 5% tariff.

IMPORTERS DO EMPLOYEE PEOPLE. Imports do NOT automatically cost jobs.

This simple and obvious fact is distorted in submissions I have read by local manufactures and SA Government etc.

Musical Instruments are nearly all imported and should not have 5% duty because the tariff costs jobs. No retailer or wholesaler in our industry wants tariffs.

The effect of imports varies from industry to industry and certainly does not have a job loss effect as a rule. In most cases there is job creation and competition or how else would the economy grow.

This country is badly in need of sales people to sell the product. Try improving the skill of selling instead of creating handicaps. Why can't we sell wool when most of the world freezes wintertime? Simple, very bad sales people. Jobs are now booming in the service industry and sales is where the future is. Companies that can't keep up should invest in good sales people, the Tariffs or Government will not save them.

Tariffs are out of date, non-productive and the legislation is totally flawed so it has to be dropped. We distribute the world's largest guitar brand Gibson and sell the most guitars in Australia. Prices range from \$130 - \$50,000 yet all guitars have 5% duty regardless of whether they can be manufactured here or not. Australian Customs legislation does not allow for fine-tuning, it is a baseball bat and ridiculous. Almost nothing can be substituted by local manufactures yet Aust Customs say price and special needs have no bearing. \$100 guitar is the same as a \$50,000 guitar even if the one local manufacture only makes a few models at around \$1,000.

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Australia has only one local manufacturer and they employ about 40 people while the rest of our industry employees tens of thousands. Our company employee's thirty-five people and needs at least 5 more.

Forty people verse tens of thousands. Most important though is that the 5% tariff does nothing to help the local guy sell more guitars. He needs more sales people and to keep improving his product as well as to export.

Younger people who have limited funds usually purchase Musical Instruments. If quality instruments are more affordable then people have a better chance of learning to play music, the instrument will sound better and play easier. Cheap instruments usually are harder to play. 5% at factory cost is a good saving.

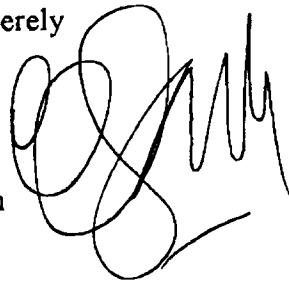
I don't have to tell you how important music is to our well being.

Australian industry does have the ability to improve without tariffs by using it's natural ability, to charm people (selling) and make people want to do business with us and the stability of the political and social climate puts us way ahead of other countries. Why can Mercedes Benz, Versace, and Microsoft, Niki sell product to poor countries where they have the option of cheap cars or donkeys? Countries where most people wear rags yet buy \$150 Niki shoes. We have to learn that in this big world price alone should not hold us back.

Conclusion.

Don't stick with bad policy because we are too frightened to change. Delaying change will result in loss of competitive edge and that is what will hurt us. Australia has always been at the forefront; it hasn't hurt us yet.

Yours sincerely



Con Gallin
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